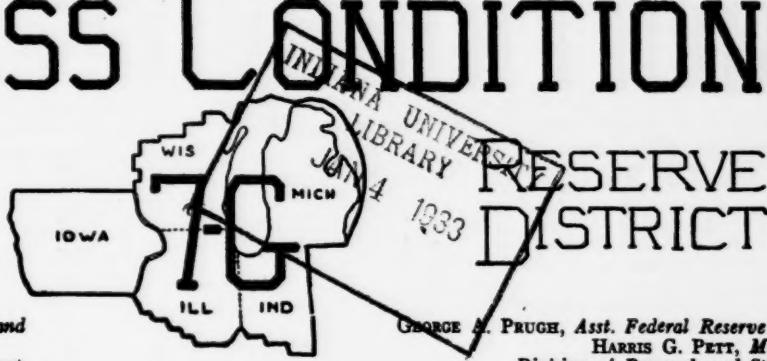


# BUSINESS CONDITIONS

## SEVENTH FEDERAL

EUGENE M. STEVENS, Chairman of the Board and  
Federal Reserve Agent  
CLIFFORD S. YOUNG, Asst. Federal Reserve Agent



Volume 16, No. 1

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

December 31, 1932

### General Summary

WHILE a seasonal slowing-down was apparent during November in some phases of Seventh district manufacturing and merchandising activity, in others gains took place, which were contrary to trend for the period.

Noteworthy among gains in manufacture were the greater output of automobiles than in October and the increases in shipments and production of steel and malleable castings; also, a small expansion in building construction, as reflected in contracts awarded. Steel production, however, slowed down as is usual before the holidays, and shipments of stoves and furnaces and of furniture were seasonally smaller. Although shoe production was less in November than in the preceding month, and leather tanning failed to gain, both were in greater volume than a year ago. The movement of building materials slackened, as is customary for November. For the first time in eight months, the aggregate volume of industrial employment gained in November, which is contrary to trend in recent years, although the majority of reporting groups showed losses from a month previous.

In food-producing industries, losses were recorded in November from October in the production of meats, butter, and cheese, and distribution of packing-house commodities and of cheese was likewise smaller. The gain in sales of butter was non-seasonal, as was the decline in meat production. The latter, however, totaled only  $3\frac{1}{2}$  per cent under last November, while the tonnage of meat products distributed was greater than a year ago. The movement of grains continued small during November, concomitant with market weakness, although shipments of

wheat gained over October, which is contrary to trend, and those of corn were nearly double the volume of last November. A survey of the live-stock situation in the Seventh district shows the supply of animals on farms December 1 to have been about the same as a year ago, that of hogs for winter and spring marketing totaling slightly smaller, while dairy herds and the number of beef cattle were greater.

Wholesale distribution of commodities in November, though declining in most lines from the preceding month, experienced less than the usual recession for the period, while two groups — electrical supplies and shoes — had heavier sales than in October. Department store trade declined but to a lesser degree than in the same month last year. The retail shoe trade recorded a seasonal gain and the retail furniture trade a seasonal decline. Chain store trade was lighter in November.

Loans and investments of reporting member banks in the Seventh district declined further between mid-November and December 14, and time deposits also receded during the period; there was a slight increase, however, in net demand deposits. Borrowings of member banks at the Federal Reserve Bank gained very slightly between these two dates. Commercial paper sales by reporting dealers fell off in November from the preceding month, but financing by means of bankers' acceptances showed a considerable expansion. Interest rates trended downward.

### Credit Conditions and Money Rates

A slight increase in member bank borrowing, amounting to  $\frac{3}{4}$  of a million dollars, was recorded during the period November 16 to December 14. A net outflow of funds from the district for commercial and financial trans-

#### FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION (Amounts in millions of dollars)

|   |                 | CHANGE FROM     |                 |
|---|-----------------|-----------------|-----------------|
|   | Dec. 14<br>1932 | Nov. 16<br>1932 | Dec. 16<br>1931 |
| Total Bills and Securities.....   | \$284.3         | \$+0.6          | \$+0.9          |
| Bills Discounted.....   | 18.1            | +0.7            | -59.8           |
| Bills Bought.....   | 4.0             | -0.1            | -58.3           |
| U. S. Government Securities.....  | 262.2           | 0               | +122.7          |
| Total Reserves.....   | 823.0           | +15.5           | +243.1          |
| Total Deposits.....   | 399.3           | +13.1           | +78.7           |
| Federal Reserve Notes in Circulation.....   | 673.8           | +1.9            | +165.7          |
| Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined..... | 76.6            | +0.3*           | +6.7*           |

\*Number of Points.

#### CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT (Amounts in millions of dollars)

|   | CHANGE FROM     |                 |                 |
|---|-----------------|-----------------|-----------------|
|   | DEC. 14<br>1932 | NOV. 16<br>1932 | DEC. 16<br>1931 |
| Total Loans and Investments.....          | \$2,104         | \$-40           | \$-739          |
| Loans on Securities.....                  | 597             | -9              | -378            |
| All Other Loans.....                      | 772             | -8              | -264            |
| Investments.....                          | 735             | -23             | -97             |
| Net Demand Deposits.....                  | 1,270           | +3              | -297            |
| Time Deposits.....                        | 886             | -18             | -170            |
| Borrowings from Federal Reserve Bank..... | 2               | +0              | -46             |

Bus

HF 5001  
B85  
1932-33

actions, totaling almost 23 millions, and a gain in member bank reserve balances of over  $9\frac{1}{2}$  million dollars were the principal changes in factors making for increased recourse to the Reserve bank. Offsetting these developments to a considerable extent, were an excess of local Treasury expenditures over receipts of more than 30 millions and a decrease in demand for currency of 2 millions. The accompanying table is designed to show in detail the foregoing changes and others of minor influence in member bank borrowing.

**298623**

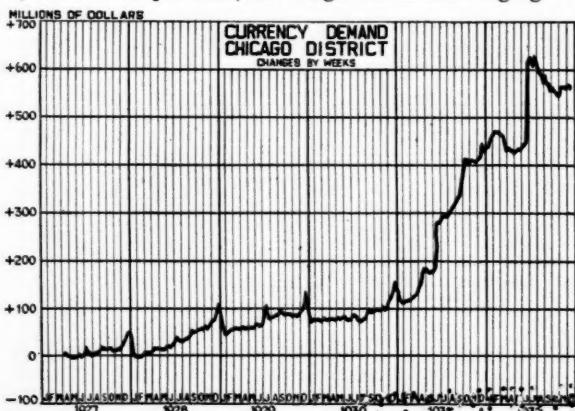
**FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO**

| Changes between November 16 and December 14, 1932<br>(In millions of dollars)              |       |
|--|-------|
| Changes making for increase in member bank borrowing:                                      |       |
| 1. Funds lost through inter-district settlements for commercial and financial transactions | 22.82 |
| 2. Increase in member bank reserve balances  | 9.60  |
| 3. Decrease in reserve bank float  | 0.56  |
| 4. Increase in unexpended capital funds  | 0.39  |
| 5. Increase in non-member clearing balances  | 0.29  |
| 6. Sales of gold to industry   | 0.06  |
| Total  | 33.72 |
| Changes making for decrease in member bank borrowing:                                      |       |
| 1. Excess of local Treasury expenditures over receipts                                     | 30.81 |
| 2. Decrease in demand for currency   | 2.19  |
| Total  | 33.00 |
| Excess of changes making for increase in member bank borrowing:                            |       |
| Absorption of this excess: Increase in member bank borrowings (discounts for member banks) | 0.72  |

**MEMBER BANK CREDIT**

Reporting member banks on December 14 showed a decline of 40 million dollars in total loans and investments from the corresponding date in November, and of nearly 740 millions from December 16, 1931. Of the 40 million dollar decrease from a month ago, 17 millions was in loans and 23 millions in investments, whereas in the comparison with the corresponding reporting date in December last year, loans were responsible for the major portion of the 740 million dollar decrease; loans on securities during the period were reduced 378 millions, "all other" (commercial) loans 264 millions, and investments 97 millions. Net demand deposits increased by a small amount during the period November 16-December 14, and time deposits moved downward after a small gain from October 19 to November 16. Both classes of deposits remained well below the aggregates shown by reporting members on the corresponding date a year ago.

The prevailing rate on customers' commercial loans, as reported by Chicago banks for the week ended December 15, was 4 to 5 per cent, unchanged from the range given



for the corresponding week in November. The average rate earned on loans and discounts by down-town Chicago banks during the calendar month of November declined from 4.42 per cent in October to 4.10 per cent. In November 1931 the figure stood at 4.49 per cent.

Following an expansion of 16 per cent in October, dealer sales of commercial paper in the Middle West declined 32 per cent in November to a level below any previous month since June this year and 35 per cent under November last year. Also, the recession of 83 per cent from the 1923-31 November average was more pronounced than in a similar comparison for October. This condition mainly reflected a contraction in the supply, consequent to borrowers reducing their 1932 indebtedness before preparing year-end statements. Furthermore, the demand for commercial paper decreased somewhat from October. Selling rates ranged in November from  $1\frac{1}{4}$  to  $1\frac{1}{2}$  per cent for short-term prime obligations to  $1\frac{3}{4}$  and  $2\frac{1}{2}$  per cent for longer maturities and less well-known paper; the bulk of transactions took place within a range of  $1\frac{1}{2}$  to 2 per cent. Outstandings at the close of the month aggregated 6 per cent less than on October 31 and  $77\frac{1}{2}$  per cent smaller than the seasonal average. A slight improvement in supply and demand was evidenced during the first half of December, causing sales for that period to exceed those of the corresponding weeks of November by 25 per cent. December 15 selling rates were within a range of  $1\frac{1}{4}$  to 2 per cent.

Operations in the Chicago bill market attained a higher level during the five weeks ended December 14 than for any corresponding period since March 10 to April 13. As the expansion in dealer purchases of acceptances from local banks and endorsers more than counteracted a slight contraction in receipts from Eastern markets, supplies aggregated 50 per cent heavier than those of October 13 to November 9. An increase in the demand from Chicago banks and a resumption of shipments to Eastern cities caused these bills to move rapidly out of dealers' hands into investment channels, although sales to out-of-town banks continued to decrease. Dealers, therefore, were unable to accumulate any acceptances in their own portfolios. Selling rates continued to decline, quotations on December 14 being  $\frac{3}{8}$  per cent for 30-day offerings to  $\frac{3}{4}$  per cent for those of 180 days.

New financing by means of bankers' acceptances in the Seventh Federal Reserve district showed a larger expansion in November over the preceding month than is usual. This improvement was reflected in increased discounting of these bills at the originating banks, so that total purchases exceeded those of any month this year since August, though buying of other banks' acceptances declined. Sales rose sharply but were only one-fourth the volume of current purchases. Bill holdings of accepting banks, however, totaled 5 per cent less on November 30 than at the close of October, owing to a large number of maturities taking

**VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT**  
(Amounts in millions of dollars)

|                                      | PER CENT OF INCREASE OR DECREASE FROM |           |           |
|--------------------------------------|---------------------------------------|-----------|-----------|
|                                      | Nov. 1932                             | Oct. 1932 | Nov. 1931 |
| Chicago                              | \$1,577                               | -13.8     | -32.7     |
| Detroit, Milwaukee, and Indianapolis | 616                                   | -10.2     | -29.8     |
| Total four larger cities             | \$2,193                               | -12.8     | -31.9     |
| 32 smaller centers                   | 414                                   | -7.9      | -29.6     |
| Total 36 centers                     | \$2,607                               | -12.1     | -31.5     |

place during the month. On the other hand, the liability for outstandings recorded the first increase since March. New financing by means of bankers' acceptances declined in the first half of December.

#### TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

|   | PER CENT CHANGE IN NOV. 1932 FROM OCTOBER 1932 |        | NOVEMBER 1931 |
|---|--|--------|---------------|
| Total value of bills accepted.....              | +37.6  | -23.2  |               |
| Purchases (including own bills discounted)..... | +15.7  | -8.7   |               |
| Sales.....                                      | +420.3   | -62.5  |               |
| Holdings*.....                                  | -5.2   | +149.9 |               |
| Liability for outstandings*.....                | +2.6   | -26.6  |               |

\*At end of month.

#### SECURITY MARKETS

A light volume of trading, accompanied by somewhat lower prices, featured the Chicago bond market during November. Prices of foreign bonds of all classifications drifted downward. Among the domestic issues, short-term high-grade municipal obligations have been in good demand, and also the high-grade public utility bonds. The volume of new offerings during November was smaller than in the preceding month. Investment houses report relatively little buying by insurance companies, although there has been more inquiry from this source recently than during previous months. The demand on the part of the individual investor was confined to the highest grade issues. The heavy oversubscription on the new United States Treasury issues in the early part of December was accompanied by substantial strength in United States Government bonds. Stock prices on the Chicago Exchange continued to show only minor daily changes. The average price of twenty leading stocks\* amounted to \$21.68 on December 16, as against \$22.07 on the corresponding date in November.

\*Chicago Journal of Commerce.

#### Agricultural Products

The supply of live stock on farms in the Seventh Federal Reserve district was about the same on December 1 as a year ago, according to a compilation of the reports sent directly to this bank by agricultural agents in 162 counties. A reduction of one per cent in number of hogs available for winter and spring marketing took place as a consequence of lessened production last spring. The autumn crop of pigs in the district was increased by a small amount—a probable maximum of 4 per cent—over 1931, and the number of beef cattle on farms was nearly one per cent greater than last year. Dairy herds, also, increased one per cent over 1931, but indications are that many farmers are awaiting a favorable market to cull out the older animals.

#### CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics as of December 1

(In thousands of bushels unless otherwise specified)

| SEVENTH DISTRICT      | 1932      | 1931    | 1932      | 1931      | 1924-28<br>AVERAGE |
|-----------------------|-----------|---------|-----------|-----------|--------------------|
| Corn.....             | 1,098,216 | 889,599 | 2,908,045 | 2,567,306 | 2,625,063          |
| Oats.....             | 527,795   | 474,230 | 1,242,437 | 1,117,970 | 1,277,127          |
| All Wheat.....        | 49,978    | 78,026  | 726,831   | 900,219   | 828,676            |
| Potatoes (white)..... | 59,272    | 50,154  | 356,589   | 375,310   | 361,115            |
| All Tame Hay*.....    | 14,011    | 12,152  | 69,609    | 65,058    | 73,759             |
| Tobacco**.....        | 36,741    | 50,892  | 1,033,330 | 1,604,226 | 1,298,947          |

\*In thousands of tons. \*\*In thousands of pounds.

Crop conditions were satisfactory on December 1. More than three-fourths of the corn had been husked and cribbed by that date, and was reported in good to excellent con-

dition. Furthermore, the fall seedings of rye and wheat were going into the winter in fair to good shape, in contrast to a low condition reported in many other parts of the United States.

#### GRAIN MARKETING

Continued weakness in prices and small volume of movement characterized grain markets during November. Wheat receipts at primary markets were 32 per cent less than a year ago, which compares with a decline of only 18 per cent in the same comparison for October this year. The volume was the lowest for November in our records which cover eleven years. Shipments, however, increased 28 per cent over October, contrary to seasonal trend, and were only 17 per cent below November 1931. Domestic milling demand was fair, and was reflected in better stability of cash than of future prices, while exports continued at approximately the low level of a month previous. Recent changes in protective rulings at import markets have been in the direction of more rigid restriction, and the British duty of approximately 4 cents a bushel practically excluded United States wheat from that market, as the spread of Liverpool prices over Chicago averaged about 7 cents in November. Further improvement was shown in United States visible supply figures, which declined 6 per cent during November, and on December 10 totaled 21 per cent less than a year earlier and also below the corresponding dates of 1929 and 1930. Weakness at other world markets and declines in important foreign exchanges, indicating small prospective exports of surplus United States wheat, reacted on futures at Chicago, which lost about 2 cents during the month and recorded new lows on November 25. Moderate recovery followed in early December. Cash prices also averaged below October, but did not follow the full decline in futures.

November receipts and shipments of corn declined sharply from the preceding month, as compared with a considerable increase in receipts and a small decline in shipments in the five-year average for the month. Shipments were nearly double a year ago, however, while receipts were only slightly larger. A considerable export trade in corn has developed recently on the basis of the low prices, nearly 5 million bushels moving between July 1 and December 10, as compared with 1½ million bushels last year. Supplies of this grain continue excessive, and the United States visible supply on December 10 was 16½ million bushels above the August 6 low point, as against an expansion of only 1¼ million bushels in the same period a year ago.

The movement of oats was also much smaller than in October, and was less than half the five-year average for November. Visible supplies have continued their moderate decline in recent weeks, but remain much larger than a year ago. Future prices of both corn and oats made new lows at the end of November, with corn showing more weakness than oats. Cash prices were somewhat steadier, oats averaging slightly higher than in October.

#### MOVEMENT OF LIVE STOCK

Hog receipts at public stock yards in the United States failed to increase by the usual amount in November over October, those of cattle aggregated less than in any of the preceding three months, lamb marketings fell to the lowest level since March, and calf receipts were smaller than those of a month earlier. Each remained considerably

under last year's volume and all except lambs continued to show a marked recession from the 1922-31 average for the season. However, the movement of both cattle and calves to inspected slaughter (inclusive of receipts that do not pass through public stock yards) was in excess of last November. Prices continued to ease.

Although reshipments of cattle and lambs to feed lots declined less than is customary in November, they remained considerably under last year and the 1927-31 average.

#### MEAT PACKING

Following a smaller than seasonal gain in October, the volume of production at slaughtering establishments in the United States declined one per cent in November—contrary to the usual tendency—and aggregated 10½ per cent less than the 1922-31 average, but only 3½ per cent under a year ago. Payrolls at the close of the month likewise recorded a decline from October of 8½ per cent in hours worked and in wage payments, although the number of employes remained practically unchanged. Also, November sales billed to domestic and foreign customers were 16 per cent less in aggregate value than those of the preceding month and continued 25 per cent smaller than last year. Price declines from October and from the corresponding period of 1931, coupled with the usual tendency to decrease meat consumption during Thanksgiving week, were mainly responsible for these recessions; the tonnage sold was 7 per cent smaller than in the preceding month but totaled ½ per cent in excess of last November. Although quotations for most packing-house commodities averaged less than in October, pork loins, lard, lamb, and heavy fat backs advanced. Prices of practically all these commodities tended to decline during the first half of December. Inventories of packing-house products in the United States decreased 28,000,000 pounds on December 1 from the beginning of November, totaled 7,000,000 pounds less than a year ago, and 106,000,000 pounds smaller than the 1927-31 December 1 average.

A sharp reduction in shipments for export took place during November, largely as a consequence of decreased production in the United States and also because of a tightening of import quotas in Europe. Foreign demand for American lard and other fats already landed was rather good, especially in Germany. On the other hand, the meat trade, after having shown a slight improvement in November, tended to be restricted in the first week of December. During November, European prices of American lard commanded a slight premium over those of Chicago; and

| LIVE STOCK SLAUGHTER<br>(In thousands)                                |        |       |                    |        |
|---|--------|-------|--------------------|--------|
|   | CATTLE | HOGS  | LAMBS<br>AND SHEEP | CALVES |
| Yards in Seventh District,<br>November 1932.....                      | 185    | 746   | 317                | 93     |
| Federally Inspected Slaughter,<br>United States<br>November 1932..... | 627    | 3,778 | 1,388              | 376    |
| October 1932.....   | 694    | 3,605 | 1,601              | 389    |
| November 1931.....  | 614    | 4,218 | 1,505              | 355    |

#### AVERAGE PRICES OF LIVE STOCK (Per hundred pounds at Chicago)

|                                 | WEEK ENDED<br>DEC. 17 | MONTHS OF |        |        |
|---------------------------------|-----------------------|-----------|--------|--------|
|                                 |                       | NOV.      | OCT.   | NOV.   |
| Native Beef Steers (average)... | \$5.25                | \$6.25    | \$7.05 | \$8.65 |
| Fat Cows and Heifers.....       | 3.75                  | 4.55      | 4.65   | 4.95   |
| Calves.....                     | 5.00                  | 4.50      | 5.05   | 6.00   |
| Hogs (bulk of sales).....       | 3.05                  | 3.35      | 3.60   | 4.65   |
| Yearling Sheep.....             | 4.60                  | 4.15      | 3.75   | 4.30   |
| Lambs.....                      | 5.50                  | 5.45      | 5.15   | 5.55   |

meats, under the influence of the revised quotas, attained full parity with the United States. Inventories of United States packing-house commodities in European markets (inclusive of stocks in transit) were reported as less at the beginning of December than on November 1.

#### DAIRY PRODUCTS

Seventh district production of creamery butter decreased 16½ per cent in November from October and was less than in any month during the past four years, though totaling 3 per cent greater than the 1923-31 average for November. In contrast, the sales tonnage showed a contrary-to-seasonal expansion of 11 per cent over the preceding month and was 7½ per cent heavier than last year. United States production of the commodity likewise declined from October and a year ago. Creamery butter inventories in the United States were reduced more than a seasonal amount on December 1 from the beginning of November; these stocks aggregated 5,000,000 pounds lighter than on December 1, 1931, and 42,000,000 pounds below the 1927-31 average. Prices, after having advanced 11½ per cent in November over October, tended to ease early in December.

Operations of Wisconsin cheese factories continued at a slightly lower level than last year or the 1927-31 average. The production of American cheese in that state showed a seasonal decline of 21½ per cent in the five weeks ended December 3 from the preceding period. On the other hand, distribution fell off only 12½ per cent and, conforming to the customary trend at this time of year, totaled 20 per cent in excess of current manufacture. This tendency of production to lag behind consumption is further reflected in stocks of the commodity. Total inventories of cheese in the United States aggregated 4,000,000 pounds less on December 1 than at the beginning of November and were 13,000,000 pounds under the 1927-31 seasonal average. Prices continued to decline.

#### Industrial Employment Conditions

Moderate increases were recorded in both aggregate employment and payrolls of reporting Seventh district establishments for the period October 15 to November 15. The gain in number employed followed consecutive declines in

#### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

| INDUSTRIAL GROUP                       | WEEK OF NOVEMBER 15, 1932      |                        |                                     | CHANGE FROM<br>OCTOBER 15 |                    |
|--|--------------------------------|------------------------|-------------------------------------|---------------------------|--------------------|
|  | REPORT-<br>ING<br>FIRMS<br>NO. | WAGE<br>EARNERS<br>NO. | EARNINGS<br>(000<br>OMMITTED)<br>\$ | WAGE<br>EARN-<br>ERS<br>% | EARN-<br>INGS<br>% |
| Metals and Products <sup>1</sup> ..... | 710                            | 107,553                | 1,715                               | -0.2                      | -2.1               |
| Vehicles.....                          | 150                            | 135,463                | 2,850                               | +7.8                      | +23.0              |
| Textiles and Products.....             | 139                            | 29,511                 | 380                                 | -3.5                      | -14.8              |
| Food and Products.....                 | 331                            | 56,876                 | 1,055                               | -4.7                      | -9.1               |
| Stone, Clay, and Glass.....            | 133                            | 6,048                  | 109                                 | -8.4                      | -9.6               |
| Wood Products.....                     | 261                            | 19,544                 | 238                                 | -2.2                      | -6.8               |
| Chemical Products.....                 | 101                            | 12,560                 | 279                                 | +1.6                      | +2.1               |
| Leather Products.....                  | 72                             | 15,792                 | 217                                 | +0.8                      | -10.7              |
| Rubber Products <sup>2</sup> .....     | 7                              | 5,117                  | 87                                  | -4.4                      | -18.0              |
| Paper and Printing.....                | 288                            | 36,977                 | 835                                 | -0.4                      | -1.7               |
| Total Mfg., 10 Groups.....             | 2,192                          | 425,441                | 7,765                               | +1.1                      | +3.2               |
| Merchandising <sup>3</sup> .....       | 175                            | 29,531                 | 607                                 | +2.8                      | -0.2               |
| Public Utilities.....                  | 75                             | 78,684                 | 2,223                               | -1.1                      | +0.6               |
| Coal Mining.....                       | 14                             | 2,211                  | 46                                  | +34.8                     | +56.3              |
| Construction.....                      | 328                            | 9,065                  | 176                                 | -9.1                      | -12.8              |
| Total Non-Mfg., 4 Groups.....          | 592                            | 119,491                | 3,052                               | -0.3                      | +0.1               |
| Total, 14 Groups.....                  | 2,784                          | 544,932                | 10,817                              | +0.8                      | +2.3               |

<sup>1</sup> Other than Vehicles. <sup>2</sup> Michigan and Wisconsin. <sup>3</sup> Illinois and Wisconsin.

the preceding eight months, which brought the total to a record low point on October 15. The trend in both items compared favorably with previous years, as November has shown a reduction in both employment and payrolls in each of the preceding three years.

Manufacturing industry, and in particular the automobile industry, established the trend of the totals. In comparison with a year ago, the total of the ten manufacturing groups showed the smallest recession since February of this year. Among individual groups, wide variations occurred. Increased activity at automobile plants and at railway car shops, both included in the vehicles group, offset the declines which took place in most of the other groups. The expansion in this group compares with smaller increases in both employment and wage payments for November 1931 and for employment only in 1930, while in November of most other years the trend has been downward. The chemicals group gained moderately in both number of men and their earnings, contrary to seasonal trend, and leather products increased employment fractionally but suffered a sharp contraction in wage payments. The remaining seven groups recorded losses in both items. Greatest reductions were noted in the stone-clay-glass, food, rubber, and textile groups.

Non-manufacturing aggregates showed little change during the period, as against slight declines in November 1931 and somewhat larger losses in 1930. Gains were shown in coal mining, in merchandising employment, and in payrolls of the utilities group. Construction continued the losses of a month previous with a greater than seasonal decline, and the utilities employed somewhat fewer men.

## Manufacturing

### AUTOMOBILE PRODUCTION AND DISTRIBUTION

Although total sales of reporting wholesale distributors in the Middle West recorded a gain in November over October, owing to the distribution of certain new models to dealers, the majority of firms had much smaller sales in the comparison, and sales by retail dealers were moderately smaller than a month previous. Dealers' stocks of new cars, affected by the receipt of new models, showed an expansion in the aggregate of more than 10 per cent over the end of October, but only one-third of the firms reported a gain. The value of new cars sold on the deferred payment plan constituted 58 per cent of all retail sales by dealers reporting the item, as against a ratio of 53 per cent in October and 55 per cent a year ago.

### MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in November 1932 from Previous Months

|                      | PER CENT CHANGE FROM |                  | COMPANIES INCLUDED |
|----------------------|----------------------|------------------|--------------------|
|                      | OCTOBER<br>1932      | NOVEMBER<br>1931 |                    |
| <b>New Cars</b>      |                      |                  |                    |
| Wholesale—           |                      |                  |                    |
| Number Sold.....     | +39.9                | -6.8             | 13                 |
| Value.....           | +2.5                 | -7.3             | 13                 |
| Retail—              |                      |                  |                    |
| Number Sold.....     | -13.0                | -37.8            | 34                 |
| Value.....           | -13.1                | -44.5            | 34                 |
| On Hand November 30— |                      |                  |                    |
| Number.....          | +10.6                | -48.2            | 34                 |
| Value.....           | +10.3                | -52.9            | 34                 |
| <b>Used Cars</b>     |                      |                  |                    |
| Number Sold.....     | -20.0                | -23.8            | 34                 |
| Salable on Hand—     |                      |                  |                    |
| Number.....          | +0.8                 | -40.7            | 34                 |
| Value.....           | -3.1                 | -55.7            | 34                 |

### IRON AND STEEL PRODUCTS

Seasonal slowing-down, in anticipation of year-end inventory taking, was evidenced during the latter part of November and early December in the steel industry of the Chicago district. Steel ingot output had declined from between 16 and 17 per cent of capacity the middle of November to less than 10 per cent by mid-December, with a holiday shut-down between Christmas and New Year's in prospect. No price changes of importance took place in this period for finished steel products, but scrap iron and steel displayed further weakness the early part of December.

The expansion shown in November shipments and production of steel and malleable castings was contrary to trend for the month. The tonnage of steel castings shipped by reporting foundries totaled 23 per cent greater than in the preceding month and production increased 16 per cent, while malleable casting shipments gained 5 per cent in tonnage and production 22 per cent. The gain of 28 per cent over October in tonnage of orders booked for steel castings represented the second successive monthly increase, but new orders received by malleable casting foundries declined slightly in the monthly comparison. The volume of shipments and orders booked by the latter type of foundry totaled approximately 25 per cent below that of last October, while these items were about 40 per cent smaller for steel casting foundries. Reporting stove and furnace manufacturers had shipments in November totaling 28 per cent less in dollar value than a month previous—a seasonal trend—and orders accepted were 42 per cent smaller; declines of 20 and 19 per cent were shown from a year ago in the respective items.

### FURNITURE

Seventh district furniture manufacturers reporting to this bank booked 36 per cent less orders in November than in the preceding month, the heavy decline, which compares with a seasonal recession of only 5 per cent, being due to continued gains in bookings from July through September and only a small decline in October. Shipments, however, moved in accordance with seasonal trend, falling off 27 per cent, and continued in excess of current orders, the differential increasing from 10 per cent in October to approximately 25 per cent. The volume of unfilled orders outstanding was, therefore, materially reduced during the month. Declines from a year ago were somewhat greater in orders and shipments than a month previous, amounting respectively to 42 and 33 per cent. The

### LUMBER AND BUILDING MATERIALS TRADE

| CLASS OF TRADE  | NOV. 1932: PER CENT<br>CHANGE FROM |           | NUMBER OF<br>FIRMS OR<br>YARDS |
|---|------------------------------------|-----------|--------------------------------|
|   | OCT. 1932                          | NOV. 1931 |                                |
| <b>Wholesale Lumber:</b>  |                                    |           |                                |
| Sales in Dollars.....   | -15.4                              | -18.7     | 14                             |
| Sales in Board Feet.....  | -18.1                              | -12.9     | 12                             |
| Accounts Outstanding <sup>1</sup> .....                                 | -13.4                              | -21.7     | 12                             |
| <b>Retail Building Materials:</b>                                       |                                    |           |                                |
| Total Sales in Dollars.....   | -27.3                              | -29.8     | 173                            |
| Lumber Sales in Dollars.....  | -26.3                              | -44.0     | 63                             |
| Lumber Sales in Board Feet.....   | -36.5                              | -12.7     | 85                             |
| Accounts Outstanding <sup>1</sup> .....                                 | -4.1                               | -20.3     | 165                            |
| Ratio of accounts outstanding <sup>1</sup> to dollar sales during month |                                    |           |                                |
| Nov. 1932   | Oct. 1932                          | Nov. 1931 |                                |
| Wholesale Trade.....  | 220.7                              | 215.7     | 229.3                          |
| Retail Trade .....  | 491.5                              | 373.7     | 437.2                          |

<sup>1</sup>End of Month.

ratio of operations to capacity moved down seven points, currently, comparing with 41 per cent in October and 42 per cent in November a year ago.

#### SHOE MANUFACTURING, TANNING, AND HIDES

Shoe manufacturing in the Seventh Federal Reserve district declined seasonally  $16\frac{1}{2}$  per cent in November from October, but was 48 per cent in excess of last year and within one per cent of the 1923-31 average for the month. Tanning operations, though remaining on a level with the preceding month, were greater than a year ago. Sales of leather, however, declined in both of these comparisons.

Chicago trading in packer green hides and calf skins aggregated slightly less in November than a month earlier, as did purchases by district tanneries. On the other hand, shipments of these commodities from Chicago increased. Prices continued to ease.

#### Building Materials, Construction Work

Seasonal influences effected lower levels of operation during November for all important lines of building materials in this district. In some cases the loss was less sharp than in the five-year average which, however, includes the severe declines in November of the past three years.

Wholesale lumber yards reported  $15\frac{1}{2}$  per cent smaller dollar sales than in October, as compared with a five-year average loss for November of 19 per cent. The 18 per cent decrease in board-foot sales compares with a  $14\frac{1}{2}$  per cent October to November decline for the five-year period. However, the year-ago comparison in dollar sales continued to show improvement, making the sixth consecutive monthly reduction in the spread. Collections were fair, but the accounts-to-sales ratio increased moderately. Stocks were reduced somewhat, and prices remained steady.

Dollar sales of all materials at reporting retail yards declined sharply, though slightly less than in the 1927-31 average, and offset all of the gain of the past three months. Lumber sales receded a little less sharply in dollar amount but considerably more so in board-foot measure. The latter item, however, made a relatively favorable showing in relation to November 1931. The trend in yard stocks continued downward, and prices were steady to slightly lower than in October. Accounts outstanding were reduced only slightly, and the ratio of accounts to sales rose to the highest point since last February.

The demand for clay products was exceedingly low in November, and some additional plants were closed to prevent accumulation of excess stocks. Cement distribution showed the usual decline for the month, and in sections where early cold weather was experienced, the reduction was greater than seasonal, due to interruption of construc-

#### WHOLESALE TRADE IN NOVEMBER 1932

| COMMODITY                | PER CENT CHANGE FROM SAME MONTH LAST YEAR |        |                  |             | RATIO OF ACCTS. OUTSTANDING TO NET SALES |
|--------------------------|---|--------|------------------|-------------|--|
|                          | NET SALES                                 | STOCKS | ACCTS. OUTSTAND. | COLLECTIONS |  |
| Groceries.....           | -5.5                                      | -19.8  | +4.8             | -5.3        | 124.4                                    |
| Hardware.....            | -23.6                                     | -17.5  | -13.1            | -27.2       | 324.7                                    |
| Dry Goods.....           | -17.0                                     | -30.8  | -25.5            | -27.7       | 307.7                                    |
| Drugs.....               | -20.0                                     | -25.4  | -7.7             | -23.2       | 249.3                                    |
| Shoes.....               | -9.0                                      | -21.1  | -47.3            | -28.4       | 274.4                                    |
| Electrical Supplies..... | -37.8                                     | -30.2  | -18.7            | -40.0       | 224.9                                    |

tion operations. Production was correspondingly scaled down.

#### BUILDING CONSTRUCTION

Contrary to the usual seasonal trend, for the second consecutive year total building contracts awarded during November in the Seventh Federal Reserve district registered a gain, the increase shown in the 1932 comparison being only slightly below that of a year ago. Residential contracts, however, amounting to only 10 per cent of the total volume, dropped to a new low point on our records (since 1919).

#### BUILDING CONTRACTS AWARDED\* SEVENTH FEDERAL RESERVE DISTRICT

| PERIOD                            | TOTAL CONTRACTS | RESIDENTIAL CONTRACTS |
|-----------------------------------|-----------------|-----------------------|
| November 1932.....                | \$13,414,961    | \$1,348,584           |
| Change from October 1932.....     | +13%            | -30%                  |
| Change from November 1931.....    | -37%            | -62%                  |
| First eleven months of 1932.....  | \$195,860,291   | \$24,172,977          |
| Change from same period 1931..... | -53%            | -71%                  |

\*Data furnished by F. W. Dodge Corporation.

The Seventh district trend in estimated cost of proposed construction, according to building permit figures in 104 cities, continued downward during November. The decline from October, however, amounting to 41 per cent, was considerably less than in the October-September comparison when a recession of 60 per cent took place. A large decrease from a year ago was again recorded, which amounted to 73 per cent. The number of permits issued during November dropped 44 per cent from October as against 6 per cent in the previous monthly comparison, and the usual heavy decline was shown from the corresponding month in 1931. Indianapolis was the only one of the larger cities in the district to differ from the group trend, a gain of 27 per cent being recorded over the October figure in the estimated cost of proposed construction.

#### Merchandising

Smaller than usual declines were recorded in November from the preceding month in the wholesale grocery, dry goods, and drug trades, while the recession in the hardware trade was about average for the period, and the gains shown in wholesale shoes and in electrical supply sales were contrary to trend for the period. Grocery sales declined only 2 per cent from the preceding month, dry goods sales were 7 per cent smaller, drugs 2 per cent less, and hardware sales decreased 16 per cent, as against declines in the 1923-31 average for the month of 9, 15,  $10\frac{1}{2}$ , and 17 per cent, respectively. The expansion of 10 per cent in the shoe trade and of  $2\frac{1}{2}$  per cent in electrical supplies compared with average declines of  $19\frac{1}{2}$  and 10 per cent.

#### DEPARTMENT STORE TRADE IN NOVEMBER 1932

| LOCALITY          | PER CENT CHANGE NOVEMBER 1932 FROM NOVEMBER 1931 |                     | PER CENT CHANGE ELEVEN MONTHS 1932 FROM SAME PERIOD 1931 |      | RATIO OF NOV. COLLECTIONS TO ACCOUNTS OUTSTANDING OCTOBER 31 |  |
|-------------------|--|---------------------|--|------|--|--|
|                   | NET SALES  | STOCKS END OF MONTH | NET SALES  | 1932 | 1931   |  |
| Chicago.....      | -19.1  | -31.6               | -25.5  | 23.8 | 27.4   |  |
| Detroit.....      | -22.8  | -25.8               | -24.9  | 30.8 | 30.7   |  |
| Indianapolis..... | -17.6  | -27.5               | -20.4  | 38.7 | 40.1   |  |
| Milwaukee.....    | -19.4  | -23.9               | -25.5  | 31.6 | 36.0   |  |
| Other Cities..... | -23.6  | -24.5               | -26.7  | 29.2 | 32.1   |  |
| 7th District..... | -20.6  | -28.3               | -25.2  | 29.7 | 31.8   |  |

Furthermore, the spread between the current period and November last year was smaller in all groups except hardware than in the year-ago comparison for October and in the majority of lines was narrower than in many months, the decline in groceries totaling only 5½ per cent. In the eleven months of 1932, grocery sales totaled 20 per cent smaller than in the same period of 1931, hardware 26 per cent, dry goods 31 per cent, drugs 22 per cent, shoes 39 per cent, and electrical supplies 43 per cent less. Stocks have failed to gain and so are well below the 1931 level. November price trends for commodities at wholesale were fairly steady to downward.

Department store trade in the Seventh district declined 6 per cent in November from the preceding month, which compares with an 8 per cent recession in the same period last year. Daily average sales were approximately the same as in October. In Detroit, sales totaled only 3 per cent less than a month previous, in Milwaukee they were 4 per cent smaller, in Chicago 6½ per cent lower, in Indianapolis 14 per cent less, while the total for stores in other cities showed a decline of 6 per cent. The decrease of 21 per cent from a year ago in the district total was slightly smaller than the 22½ per cent shown in a similar comparison for October; daily average sales were 24 per cent below last November. Other comparisons with a year ago may be noted in the table. Stocks expanded 5½ per cent at the end of November over October 31, which gain is somewhat more than seasonal and in contrast to a slight decline over the same period last year; stock turnover con-

tinued to be greater than in the corresponding month a year ago.

The increase of 6 per cent over October in November sales of shoes by reporting dealers and department stores, though seasonal in nature, contrasted with a substantial decline in the same period last year. Despite this favorable trend, the volume sold totaled 18 per cent under that of a year ago, and for the year through November was 25 per cent below the same period of 1931. Stocks showed little change between the end of October and November 30, and remain considerably smaller than in 1931.

Sales of furniture and house furnishings in November declined 13 per cent from the preceding month, which recession is average for the period. Installment sales by dealers were 25 per cent smaller than in October. In the comparison with last November, the dollar volume sold by dealers and department stores was 31 per cent less this year, and dealer installment sales were 33 per cent smaller. Inventories totaled about the same at the end of November as a month previous.

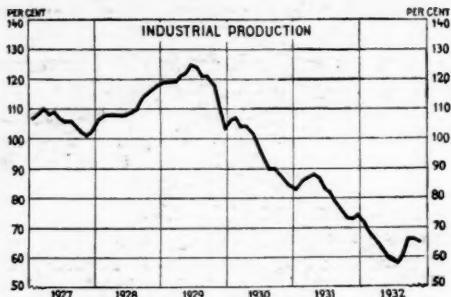
Most reporting groups of chain store trade had smaller sales in November than in the preceding month, grocery chains furnishing the one exception. As a result, aggregate sales of firms operating 2,594 stores in November, dropped 5 per cent from a month previous and were 12 per cent smaller than in November 1931. In addition to grocery chains, other groups included were five-and-ten-cent stores, drugs, shoes, men's clothing, cigars, and musical instruments.

### MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

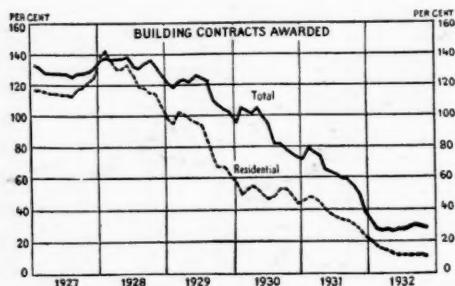
(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

|  | No. of Firms | Nov. 1932 | Oct. 1932 | Sept. 1932 | Aug. 1932 | July 1932 | June 1932 | Nov. 1931 | Oct. 1931 | Sept. 1931 | Aug. 1931 | July 1931 | June 1931 |
|--|--------------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| <b>Meat Packing—(U. S.)—</b>           |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Sales (in dollars).....                | 63           | 49        | 58        | 57         | 53        | 52        | 50        | 65        | 79        | 74         | 75        | 76        | 75        |
| <b>Casting Foundries—</b>              |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Shipments:                             |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Steel—In Dollars.....                  | 14           | 11        | 10        | 11         | 10        | 9         | 11        | 18        | 20        | 20         | 23        | 26        | 29        |
| In Tons.....                           | 14           | 12        | 10        | 11         | 9         | 9         | 10        | 19        | 20        | 19         | 22        | 24        | 27        |
| Malleable—In Dollars.....              | 21           | 10        | 9         | 8          | 8         | 7         | 11        | 13        | 16        | 17         | 20        | 21        | 26        |
| In Tons.....                           | 21           | 16        | 16        | 14         | 13        | 12        | 19        | 21        | 25        | 26         | 32        | 34        | 42        |
| <b>Stoves and Furnaces—</b>            |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Shipments (in dollars).....            | 11           | 70        | 101       | 81         | 47        | 31        | 43        | 87        | 143       | 111        | 79        | 63        | 65        |
| <b>Furniture—</b>                      |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Orders (in dollars).....               | 18           | 20        | 29        | 31         | 25        | 22        | 13        | 34        | 39        | 44         | 46        | 35        | 56        |
| Shipments (in dollars).....            | 18           | 24        | 33        | 30         | 22        | 13        | 15        | 36        | 44        | 46         | 39        | 42        | 33        |
| <b>Flour—</b>                          |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Production (in bbls.).....             | 25           | 106       | 112       | 112        | 123       | 106       | 111       | 105       | 125       | 123        | 130       | 114       | 90        |
| <b>Output of Butter by Creameries—</b> |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Production.....                        | 67           | 77        | 92        | 92         | 111       | 118       | 141       | 88        | 100       | 93         | 109       | 122       | 153       |
| Sales.....                             | 69           | 97        | 87        | 89         | 102       | 106       | 130       | 90        | 102       | 101        | 108       | 115       | 140       |
| <b>Wholesale Trade—</b>                |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Net Sales (in dollars):                |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Groceries.....                         | 29           | 63        | 65        | 70         | 65        | 59        | 71        | 68        | 76        | 86         | 84        | 92        | 84        |
| Hardware.....                          | 12           | 36        | 43        | 42         | 36        | 35        | 54        | 47        | 57        | 54         | 51        | 59        | 65        |
| Dry Goods.....                         | 9            | 34        | 37        | 40         | 28        | 22        | 29        | 43        | 49        | 53         | 41        | 38        | 46        |
| Drugs.....                             | 13           | 56        | 58        | 61         | 59        | 52        | 66        | 70        | 79        | 78         | 76        | 78        | 83        |
| Shoes.....                             | 6            | 40        | 36        | 45         | 39        | 25        | 33        | 44        | 60        | 61         | 55        | 48        | 54        |
| <b>Retail Trade (Dept. Stores)—</b>    |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Net Sales (in dollars):                |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Chicago.....                           | 23           | 60        | 65        | 61         | 45        | 39        | 59        | 74        | 82        | 71         | 60        | 58        | 84        |
| Detroit.....                           | 5            | 70        | 73        | 87         | 54        | 51        | 78        | 92        | 95        | 123        | 78        | 71        | 101       |
| Indianapolis.....                      | 5            | 66        | 77        | 76         | 50        | 44        | 67        | 80        | 90        | 89         | 67        | 61        | 87        |
| Milwaukee.....                         | 5            | 74        | 78        | 66         | 53        | 48        | 67        | 92        | 102       | 89         | 73        | 75        | 95        |
| Other Cities.....                      | 45           | 57        | 60        | 56         | 46        | 38        | 56        | 76        | 85        | 71         | 69        | 57        | 80        |
| Seventh District.....                  | 83           | 63        | 67        | 66         | 48        | 42        | 63        | 80        | 87        | 83         | 67        | 62        | 88        |
| <b>Automobile Production (U. S.)—</b>  |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Passenger Cars.....                    |              | 12        | 22        | 26         | 32        | 55        | 17        | 20        | 37        | 53         | 63        | 72        |           |
| Trucks.....                            |              | 36        | 52        | 38         | 44        | 60        | 52        | 58        | 83        | 84         | 91        | 107       |           |
| <b>Building Construction—</b>          |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Contracts Awarded (in dollars):        |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Residential.....                       | 5            | 7         | 7         | 7          | 7         | 10        | 12        | 17        | 18        | 27         | 20        | 26        |           |
| Total.....                             | 20           | 17        | 32        | 32         | 24        | 27        | 31        | 27        | 49        | 64         | 59        | 55        |           |
| <b>Iron and Steel—</b>                 |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Pig Iron Production:*                  |              |           |           |            |           |           |           |           |           |            |           |           |           |
| Illinois and Indiana.....              | 19           | 20        | 20        | 22         | 26        | 29        | 41        | 41        | 43        | 44         | 50        | 61        |           |
| United States.....                     | 21           | 21        | 20        | 17         | 19        | 21        | 38        | 39        | 40        | 42         | 48        | 56        |           |
| Steel Ingot Production—(U. S.)*.....   | 29           | 31        | 28        | 23         | 24        | 26        | 48        | 44        | 45        | 50         | 55        | 61        |           |
| Unfilled Orders U. S. Steel Corp.....  | 41           | 42        | 42        | 41         | 41        | 43        | 61        | 65        | 66        | 71         | 73        |           |           |

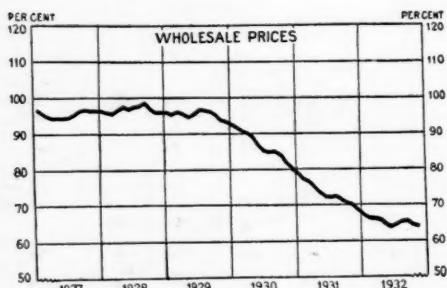
\*Average daily production.



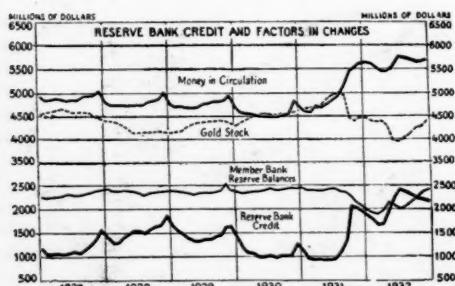
Index number of industrial production, adjusted for seasonal variation (1923-25 average = 100).



Indexes based on 3-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation (1923-25 average = 100).



Index of United States Bureau of Labor Statistics (1926 = 100).



Monthly averages of daily figures. Latest figures, averages of first 20 days in December 1932.

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

**I**NDUSTRIAL activity declined in November by somewhat more than the usual seasonal amount. Changes in factory employment and payrolls, reported for the middle of the month, were largely seasonal in character. Prices in wholesale commodity markets were somewhat lower, on the average, in November than in October, and declined further during the first three weeks of December.

### PRODUCTION AND EMPLOYMENT

Volume of industrial production, as measured by the Board's seasonally adjusted index, declined from 66 per cent of the 1923-1925 average in October to 65 per cent in November, compared with a low level of 58 per cent in July. Output at woolen mills, silk mills, and shoe factories declined in November from the relatively high levels of the autumn, while cotton mills continued active. Lumber production declined by considerably more than the usual seasonal amount. Steel production decreased during November and the first three weeks of December, while automobile output increased considerably, in connection with the introduction of new models.

The number employed at factories declined somewhat from October to November, reflecting in large part developments of a seasonal character. Working forces in the woolen, silk, shoe, and canning industries were reduced, while at carbuilding shops, and at factories producing automobiles and agricultural implements, there were increases in employment. Construction contracts awarded up to December 15, as reported by the F. W. Dodge Corporation, indicate for the last three months of the year a decline from the third quarter of somewhat more than the usual seasonal amount, following a non-seasonal increase from the second to the third quarter.

Estimates of the Department of Agriculture, based on December 1 reports, indicate a cotton crop of 12,727,000 bales, about 800,000 bales larger than the estimate a month earlier, but 4,400,000 bales smaller than last year's unusually large crop. Wheat, tobacco, flaxseed, and other leading cash crops are also considerably smaller than a year ago, while feed crops are substantially larger. Acreage of winter wheat planted this fall was slightly smaller than a year ago and condition of the crop on December 1 was unusually poor, according to the Department of Agriculture.

### DISTRIBUTION

Distribution of commodities by rail decreased seasonally from October to November, while the dollar volume of department store sales, which ordinarily expands at this season, showed a decline.

### WHOLESALE PRICES

During early November the general level of wholesale commodity prices advanced somewhat, reflecting chiefly increases in prices of domestic agricultural products; in the latter part of the month, however, prices of live stock, cotton, and grains declined considerably; and, during the first three weeks of December, further declines in live-stock prices were reported. By the third week of December prices of textiles, copper, and silver, as well as of live stock, were substantially lower than in the middle of November, and the general average of wholesale prices was at a level slightly below that prevailing before the advance that occurred last summer.

### BANK CREDIT

During the four weeks ended December 14, there was an addition of \$85,000,000 to the country's stock of monetary gold. The funds derived from this source were utilized in meeting an increase in the demand for currency, which was smaller than usual at this season, in further reducing by \$23,000,000 the indebtedness of member banks to the Reserve banks, and in increasing by \$25,000,000 the volume of member bank reserve balances. On December 15, there was a further increase of \$95,500,000 in the stock of monetary gold in connection with the current payment by Great Britain on the war debt. This amount of gold was earmarked in London for account of the Federal Reserve Bank of New York, and an equivalent credit was given by that bank to the United States Treasury. This transaction, together with other fiscal operations on December 15, resulted in a temporary addition of \$100,000,000 to the reserves of member banks, which were subsequently reduced by Christmas currency demands and an increase in Treasury deposits with the Reserve banks.

Loans and investments of reporting member banks declined by more than \$100,000,000 between November 16 and December 14, reflecting reductions in the banks' holdings of United States Government securities, and in loans other than security loans. Loans on securities increased, both at New York City and at other reporting member banks. Money rates in the open market declined further, rates on 90-day bankers' acceptances declining from  $\frac{1}{2}$  of 1 per cent to  $\frac{3}{8}$  of 1 per cent, and rates on prime commercial paper from a range of  $1\frac{1}{2}$ - $1\frac{3}{4}$  per cent to a range of  $1\frac{1}{4}$ - $1\frac{1}{2}$  per cent.

al  
or  
le  
in

ed  
nt  
en  
gh  
on  
on  
o-  
w

n-  
es  
ng  
re  
5,  
of  
al

li-  
te  
p.  
er  
at  
on

n-  
at

d-  
d-  
nd  
mer  
ces  
an  
: a

000  
ere  
an  
per  
m-  
of  
ent  
or  
dit  
ther  
of  
by

urve

man  
the  
man  
her  
tes  
nt,